

DOCKETED

Docket Number:	17-AAER-14
Project Title:	Appliance Efficiency Standards Certification Rulemaking for Residential Air Filters, Residential Pool Pump and Motor Combinations, and Replacement Residential Pool Pump Motors
TN #:	220744
Document Title:	Economic and Fiscal Impact Statement and Attachment
Description:	Standard 399 economic and fiscal impact statement and attachment
Filer:	Patrick Saxton
Organization:	California Energy Commission
Submitter Role:	Commission Staff
Submission Date:	8/14/2017 4:50:40 PM
Docketed Date:	8/14/2017

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT

DEPARTMENT NAME California Energy Commission	CONTACT PERSON Patrick Saxton	EMAIL ADDRESS Patrick.Saxton@energy.ca.gov	TELEPHONE NUMBER 916-654-4274
DESCRIPTIVE TITLE FROM NOTICE REGISTER OR FORM 400 Appliance Efficiency Standards Certification			NOTICE FILE NUMBER Z 2017-0606-01

A. ESTIMATED PRIVATE SECTOR COST IMPACTS *Include calculations and assumptions in the rulemaking record.*

1. Check the appropriate box(es) below to indicate whether this regulation:

- | | |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <input checked="" type="checkbox"/> a. Impacts business and/or employees | <input type="checkbox"/> e. Imposes reporting requirements |
| <input checked="" type="checkbox"/> b. Impacts small businesses | <input type="checkbox"/> f. Imposes prescriptive instead of performance |
| <input type="checkbox"/> c. Impacts jobs or occupations | <input checked="" type="checkbox"/> g. Impacts individuals |
| <input type="checkbox"/> d. Impacts California competitiveness | <input type="checkbox"/> h. None of the above (Explain below): |

See attached explanation.

***If any box in Items 1 a through g is checked, complete this Economic Impact Statement.
If box in Item 1.h. is checked, complete the Fiscal Impact Statement as appropriate.***

California Energy Commission

2. The _____ estimates that the economic impact of this regulation (which includes the fiscal impact) is:
(Agency/Department)

- Below \$10 million
 Between \$10 and \$25 million
 Between \$25 and \$50 million
 Over \$50 million *[If the economic impact is over \$50 million, agencies are required to submit a Standardized Regulatory Impact Assessment as specified in Government Code Section 11346.3(c)]*

3. Enter the total number of businesses impacted: 456Describe the types of businesses (Include nonprofits): Retailers, distributors, and manufacturers of residential pool pumps.Enter the number or percentage of total businesses impacted that are small businesses: 60%4. Enter the number of businesses that will be created: 0 eliminated: 0Explain: See attached explanation.5. Indicate the geographic extent of impacts: Statewide
 Local or regional (List areas): _____6. Enter the number of jobs created: 0 and eliminated: 0Describe the types of jobs or occupations impacted: None. See attached explanation.7. Will the regulation affect the ability of California businesses to compete with other states by making it more costly to produce goods or services here? YES NO

If YES, explain briefly: _____

**ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)**

STD. 399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT (CONTINUED)

B. ESTIMATED COSTS *Include calculations and assumptions in the rulemaking record.*

1. What are the total statewide dollar costs that businesses and individuals may incur to comply with this regulation over its lifetime? \$ 0
- a. Initial costs for a small business: \$ 0 Annual ongoing costs: \$ 0 Years: 2017-2019
- b. Initial costs for a typical business: \$ 0 Annual ongoing costs: \$ 0 Years: 2017-2019
- c. Initial costs for an individual: \$ 0 Annual ongoing costs: \$ 0 Years: 2017-2019
- d. Describe other economic costs that may occur: Manufacturers of PMS motor pool pumps may incur a cost in testing up to \$12,500 (up to \$2,500 per PMS motor) for products not previously certified to the Commission.

2. If multiple industries are impacted, enter the share of total costs for each industry: 0% for residential air filter industry. 100% for residential pool pumps industry.

3. If the regulation imposes reporting requirements, enter the annual costs a typical business may incur to comply with these requirements. *Include the dollar costs to do programming, record keeping, reporting, and other paperwork, whether or not the paperwork must be submitted.* \$ 0

4. Will this regulation directly impact housing costs? YES NO
If YES, enter the annual dollar cost per housing unit: \$ _____

Number of units: _____

5. Are there comparable Federal regulations? YES NO

Explain the need for State regulation given the existence or absence of Federal regulations: See attached explanation.

Enter any additional costs to businesses and/or individuals that may be due to State - Federal differences: \$ 0

C. ESTIMATED BENEFITS *Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. Briefly summarize the benefits of the regulation, which may include among others, the health and welfare of California residents, worker safety and the State's environment: See attached explanation.

2. Are the benefits the result of: specific statutory requirements, or goals developed by the agency based on broad statutory authority?

Explain: See attached explanation.

3. What are the total statewide benefits from this regulation over its lifetime? \$ 0

4. Briefly describe any expansion of businesses currently doing business within the State of California that would result from this regulation: See attached explanation.

D. ALTERNATIVES TO THE REGULATION *Include calculations and assumptions in the rulemaking record. Estimation of the dollar value of benefits is not specifically required by rulemaking law, but encouraged.*

1. List alternatives considered and describe them below. If no alternatives were considered, explain why not: See attached explanation.

**ECONOMIC AND FISCAL IMPACT STATEMENT
REGULATIONS AND ORDERS)**

FD-399 (REV. 12/2013)

ECONOMIC IMPACT STATEMENT (CONTINUED)

2. Summarize the total statewide costs and benefits from this regulation and each alternative considered:

Regulation:	Benefit: \$	<u>0</u>	Cost: \$	<u>0</u>
Alternative 1:	Benefit: \$	<u>0</u>	Cost: \$	<u>0</u>
Alternative 2:	Benefit: \$	<u>0</u>	Cost: \$	<u>40,000,000</u>

3. Briefly discuss any quantification issues that are relevant to a comparison of estimated costs and benefits for this regulation or alternatives: None.

4. Rulemaking law requires agencies to consider performance standards as an alternative, if a regulation mandates the use of specific technologies or equipment, or prescribes specific actions or procedures. Were performance standards considered to lower compliance costs? YES NO

Explain: See attached explanation.

E. MAJOR REGULATIONS *Include calculations and assumptions in the rulemaking record.*

California Environmental Protection Agency (Cal/EPA) boards, offices and departments are required to submit the following (per Health and Safety Code section 57005). Otherwise, skip to E4.

1. Will the estimated costs of this regulation to California business enterprises exceed \$10 million? YES NO

*If YES, complete E2. and E3
If NO, skip to E4*

2. Briefly describe each alternative, or combination of alternatives, for which a cost-effectiveness analysis was performed:

Alternative 1: _____

Alternative 2: _____

(Attach additional pages for other alternatives)

3. For the regulation, and each alternative just described, enter the estimated total cost and overall cost-effectiveness ratio:

Regulation: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 1: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

Alternative 2: Total Cost \$ _____ Cost-effectiveness ratio: \$ _____

4. Will the regulation subject to OAL review have an estimated economic impact to business enterprises and individuals located in or doing business in California exceeding \$50 million in any 12-month period between the date the major regulation is estimated to be filed with the Secretary of State through 12 months after the major regulation is estimated to be fully implemented?

YES NO

If YES, agencies are required to submit a Standardized Regulatory Impact Assessment (SRIA) as specified in Government Code Section 11346.3(c) and to include the SRIA in the Initial Statement of Reasons.

5. Briefly describe the following:

The increase or decrease of investment in the State: No increase or decrease in investment is forecast for the State.

The incentive for innovation in products, materials or processes: No changed incentive for innovation in products, materials, or processes.

The benefits of the regulations, including, but not limited to, benefits to the health, safety, and welfare of California residents, worker safety, and the state's environment and quality of life, among any other benefits identified by the agency: See attached explanation.

ECONOMIC AND FISCAL IMPACT STATEMENT
(REGULATIONS AND ORDERS)

STD 399 (REV. 12/2013)

FISCAL IMPACT STATEMENT

A. FISCAL EFFECT ON LOCAL GOVERNMENT *Indicate appropriate boxes 1 through 6 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year which are reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

a. Funding provided in _____

Budget Act of _____ or Chapter _____, Statutes of _____

b. Funding will be requested in the Governor's Budget Act of _____

Fiscal Year: _____

2. Additional expenditures in the current State Fiscal Year which are NOT reimbursable by the State. (Approximate)
(Pursuant to Section 6 of Article XIII B of the California Constitution and Sections 17500 et seq. of the Government Code).

\$ _____

Check reason(s) this regulation is not reimbursable and provide the appropriate information:

a. Implements the Federal mandate contained in _____

b. Implements the court mandate set forth by the _____ Court.

Case of: _____ vs. _____

c. Implements a mandate of the people of this State expressed in their approval of Proposition No. _____

Date of Election: _____

d. Issued only in response to a specific request from affected local entity(s).

Local entity(s) affected: _____

e. Will be fully financed from the fees, revenue, etc. from: _____

Authorized by Section: _____ of the _____ Code;

f. Provides for savings to each affected unit of local government which will, at a minimum, offset any additional costs to each;

g. Creates, eliminates, or changes the penalty for a new crime or infraction contained in _____

3. Annual Savings. (approximate)

\$ _____

4. No additional costs or savings. This regulation makes only technical, non-substantive or clarifying changes to current law regulations.

5. No fiscal impact exists. This regulation does not affect any local entity or program.

6. Other. Explain _____

ECONOMIC AND FISCAL IMPACT STATEMENT

(REGULATIONS AND ORDERS)

STD. 399 (REV. 12/2013)

FISCAL IMPACT STATEMENT (CONTINUED)

B. FISCAL EFFECT ON STATE GOVERNMENT *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

It is anticipated that State agencies will:

a. Absorb these additional costs within their existing budgets and resources.

b. Increase the currently authorized budget level for the _____ Fiscal Year

2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any State agency or program.

4. Other. Explain _____

C. FISCAL EFFECT ON FEDERAL FUNDING OF STATE PROGRAMS *Indicate appropriate boxes 1 through 4 and attach calculations and assumptions of fiscal impact for the current year and two subsequent Fiscal Years.*

1. Additional expenditures in the current State Fiscal Year. (Approximate)

\$ _____

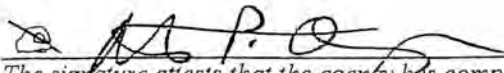
2. Savings in the current State Fiscal Year. (Approximate)

\$ _____

3. No fiscal impact exists. This regulation does not affect any federally funded State agency or program.

4. Other. Explain _____

FISCAL OFFICER SIGNATURE

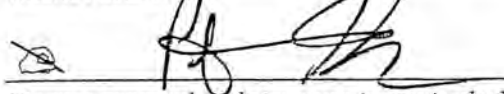


DATE

5-26-17

The signature attests that the agency has completed the STD. 399 according to the instructions in SAM sections 6601-6616, and understands the impacts of the proposed rulemaking. State boards, offices, or departments not under an Agency Secretary must have the form signed by the highest ranking official in the organization.

AGENCY SECRETARY



DATE

5/31/17

Finance approval and signature is required when SAM sections 6601-6616 require completion of Fiscal Impact Statement in the STD. 399.

DEPARTMENT OF FINANCE PROGRAM BUDGET MANAGER



DATE

ECONOMIC AND FISCAL IMPACT STATEMENT
Standard Form 399
Attachment A

The attachment documents the Energy Commission staff's information, assumptions and calculations used in the development of the economic and fiscal impact statement to satisfy SAM section 6614.

Economic Impact Statement

Part A. Estimated Private Sector Cost Impacts

Section 1

The proposed regulations affect residential air filters and residential pool pump and motor combinations and replacement residential pool pump motors sold or offered for sale in California.

For residential air filters, the proposed regulations only delay the date by which residential air filters for use in forced-air heating or forced-air cooling equipment must comply with the appliance efficiency regulations. There will be no new costs as a result of this delay. The existing regulation requires mandatory testing, certification, and marking of residential air filters for use in forced-air heating or forced-air cooling equipment. The costs and benefits associated with the mandatory testing, certification, and marking were fully analyzed in the original rulemaking.¹ The delay in compliance date would not result in any additional costs or savings; it would merely delay when those costs or savings would occur.

For residential pool pump and motor combinations and replacement residential pool pump motors, the proposed regulations would permit the certification of permanent magnet synchronous (PMS) motors by allowing manufacturers to select the PMS motor construction type when submitting data to the Energy Commission. There will be no new costs as a result of allowing the certification of an additional pool pump motor construction type. The existing regulations, applicable to products manufactured on or after January 1, 2006, have mandatory testing, efficiency, marking, and certification requirements. Manufacturers of compliant pool pump motors types have been subject to these requirements for over a decade.

¹ Singh, Harinder, Ken Rider, 2015. Staff Analysis of HVAC Air Filters, Dimming Fluorescent Ballasts, and Heat Pump Water Chilling Packages, California Energy Commission. Publication Number: CEC-400-2015-007, pp. 20-24, available at: http://docketpublic.energy.ca.gov/PublicDocuments/15-AAER-01/TN203717_20150220T141247_Staff_Analysis_of_HVAC_Air_Filters_Dimming_Fluorescent_Ballasts.pdf.

Section 2

For residential air filters, there are no economic impacts from the proposed regulations because the proposed regulations only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, the Energy Commission estimates the economic impact of the regulation would be less than 10 million dollars per year since the yearly sale of residential pool pump and motor combinations and replacement residential pool pump motors would not significantly change from previous years.

Section 3

For residential air filters, there are no businesses impacted because the proposed regulations only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, the Energy Commission estimates at least 456 retailers, distributors and manufacturers of residential pool pump and motor combinations and replacement residential pool pump motors will be impacted by the proposed regulation.

Information

The Energy Commission reviewed listings of pool supply retailers to determine an estimate for the number of retailers.² The search revealed 453 dealers located within California. Staff's review of the dealer listing indicates the majority are small businesses. From this listing, staff estimates 60% of businesses impacted by the regulation are small businesses. Three manufacturers make most of the residential pool pump and motor combinations and replacement residential pool pump motors powered by PMS motors.

Section 4

No new businesses will be created and no existing businesses will be eliminated by the proposed regulations. For residential air filters, the proposed regulations only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, manufacturers and retailers currently sell a variety of pool products and the proposed regulations would allow for the sale of an additional type of residential pool pump motor.

Section 5

The proposed regulations will apply statewide to all sales of residential air filters and residential pool pump and motor combinations and replacement residential pool pump motors.

² Search of California dealers completed 3/2/17,
<https://www.pentairpartners.com/dealerlocator/dealerlocatorlist.aspx>.

Section 6

No new jobs will be created and no existing jobs will be eliminated by the proposed regulations.

For residential air filters, the proposed regulations only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, the affected retailers, distributors, and manufacturers have indicated that they do not anticipate any jobs to be created or eliminated due to the proposed regulations.

Part B. Estimated Costs

Sections 1 through 3

For residential air filters, there are no initial, ongoing, or other costs from the proposed regulations because they only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, there will not be any costs to small businesses or individuals due to the allowance to sell additional types of pool products. Manufacturers of PMS motor powered residential pool pump and motor combinations and replacement residential pool pump motors will be required to test and certify their products to the Energy Commission. Staff assumes no additional record keeping or reporting costs due to the proposed regulations since manufacturers are already required to certify other compliant residential pool pump and motor combinations and replacement residential pool pump motors. Manufacturers could avoid testing costs by continuing to not sell PMS motors in California.

Assumptions

The Energy Commission estimates the cost of testing PMS motors as \$2,500 per product. The Energy Commission estimates 15 total products will need testing based upon review of similar listings available in the Energy Commission's Appliance Efficiency Database.³

Calculations

Costs to manufacturers

5 products per manufacturer x 3 manufacturers = 15 products requiring testing
15 products x \$2,500 cost per tested product = \$37,500 or \$12,500 per manufacturer

³ Energy Commission Appliance Efficiency database available at <https://cacertappliances.energy.ca.gov/Login.aspx>.

Section 5

There are no federal regulations for residential air filters or for replacement residential pool pump motors. There are no currently effective federal regulations for residential pool pump and motor combinations; although the U.S. Department of Energy has approved regulations establishing standards for pool pump and motor combinations (referred to as dedicated-purpose pool pumps) with an effective date of July 19, 2021. Because these regulations are not yet effective, they do not preempt or affect current state standards. Moreover, federal standards do not preempt state certification requirements, which are the subject of this rulemaking. There are existing state regulations for each appliance type which require amendment in order to allow for the continued sale in California of residential air filters and the sale in California of residential pool pump and motor combinations or replacement pool pump motors that incorporate PMS motors.

Part C. Estimated Benefits

Section 1

For residential air filters, delaying the compliance date of the existing regulation will provide California residents access to residential air filters and will provide manufacturers with additional time to provide compliant residential air filters to the California market.

For residential pool pump and motor combinations and replacement residential pool pump motors, manufacturers will be able to certify and sell their PMS motor products in California. California consumers will have access to affordable storable pools, which often include PMS motors.

Section 2

The Warren-Alquist Act establishes the California Energy Commission as California's primary energy policy and planning agency.⁴ The act mandates that the Commission reduce the wasteful and inefficient consumption of energy and water in the state by prescribing statewide standards for minimum levels of operating efficiency for appliances that consume a significant amount of energy or water. The act requires that efficiency standards result in reduced life cycle costs to product users. For both residential air filters and residential pool pump and motor combinations and replacement residential pool pump motors, the existing regulations that are being amended met the Warren-Alquist Act requirements.

⁴ The Warren-Alquist State Energy Resources Conservation and Development Act, Division 15 of the Public Resources Code, § 25000 et seq., available at <http://www.energy.ca.gov/2015publications/CEC-140-2015-002/CEC-140-2015-002.pdf>.

Section 4

The Energy Commission estimates that no new businesses will be created and no existing businesses will expand due to the proposed regulations. For residential air filters, the proposed regulations only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, manufacturers and retailers currently sell a variety of pool products and the proposed regulations would allow for the sale of an additional type of residential pool pump motor.

Part D. Alternatives to the Regulation

Sections 1 through 3

For residential air filters, staff considered not delaying the compliance date of the existing regulation. This was not chosen because it would have negatively affected the public's access to residential air filters and manufacturers' ability to supply the California market with compliant products. Staff also considered a later compliance date, but did not choose this because it would result in loss of potential energy savings with no resulting benefit to manufacturers or small businesses.

For residential pool pump and motor combinations and replacement residential pool pump motors, staff considered two alternatives in addition to the proposed regulation.

Alternative 1

Staff considered other prescriptive regulation amendments such as removal of the declaration of the motor type to allow certification of the PMS motor type. Instead of the declaration of motor type, a new request would be added to declare that the pool pump motors are not split-phase or capacitor start-induction run motor types in order to verify manufacturers are complying with the prohibition on these motor types described in Title 20, Section 1605.3(g)(5)(A).

Alternative 2

Staff considered not amending the existing regulations (do nothing). Manufacturers of affected PMS motor residential pool pump and motor combinations and replacement residential pool pump motors estimated the retail value of their annual California sales at 40 million dollars. If manufacturers are unable to sell residential pool products powered by PMS motors to the California market due to an inability to certify their otherwise compliant products, then 40 million dollars in sales of pool products will not occur in California.

Section 4

For residential air filters, performance standards were not considered because the proposed regulations only delay the compliance date of an existing regulation. For residential pool pump and motor combinations and replacement residential pool pump motors, the proposed regulations address an existing prescriptive motor type prohibition. The proposed regulations broaden the allowable motor types to allow greater product diversity and do not affect existing compliant products. Staff chose the proposed prescriptive regulations because they best meet the specific needs to remove the barriers to compliance with the existing regulations for PMS motor powered residential pool pump and motor combinations and replacement residential pool pump motors and to allow certification of these products to the Energy Commission so that they may be sold or offered for sale in California.

Part E. Major Regulations

Section 5

For residential air filters, the benefits of the regulations are ensuring the public has access to residential air filters by delaying the compliance date of the existing regulations and providing manufacturers with additional time to supply compliant residential air filters to the California market. For residential pool pump and motor combinations and replacement residential pool pump motors, the benefits of the regulations are consumer access to affordable storable pools which often include PMS motors.